

**PSJ18 WALGREENS Opp Exh 50**

Appointment

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**From:** Metz, Allie [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=WALGREENS.ONMICROSOFT.COM-54052-METZ, ALLISON (AJONES4UE3A28C2F]  
**Sent:** 12/7/2012 3:40:41 PM  
**To:** Metz, Allie [allison.metz@walgreens.com]; Purchasing-Rx-ALL [purchasing-rx-all@walgreens.com]; Hattenschweiler, Stephanie [stephanie.hattenschweiler@walgreens.com]; Taylor, Jenny taylor hr [jennifer.taylor@walgreens.com]; Jouran, Lena [lena.jouran@walgreens.com]  
**CC:** Conklin, Patricia [patricia.conklin@walgreens.com]; Dzierzanowska, Danuta [danuta.dzierzanowska@walgreens.com]; Deans, Matthew [matthew.deans@walgreens.com]; Schneider, Brian [brian.schneider@walgreens.com]; House, Emily [emily.house@walgreens.com]; Adams, Lynn [lynn.adams@walgreens.com]; Solomon, Jennifer [jennifer.solomon@walgreens.com]; Wolf, Courtney [courtney.wolf@walgreens.com]; Martin, Barb [barb.martin@walgreens.com]; Rurka, David [david.rurka@walgreens.com]; Mchugh, Chris [chris.mchugh@walgreens.com]; Destefano, Frank [frank.destefano@walgreens.com]; Daugherty, Eric [eric.daugherty@walgreens.com]; Schmidt, Ryan [ryan.schmidt@walgreens.com]; Eliff, Brian [brian.eliff@walgreens.com]; Skaloud, Hilary [hilary.skaloud@walgreens.com]; Allen, Mike [mike.allen@walgreens.com]; Vogt, Joe [joe.vogt@walgreens.com]; Groth, Bill [bill.groth@walgreens.com]; Butterfield, Megan [megan.butterfield@walgreens.com]; Odell, Morgan [morgan.odell@walgreens.com]; Vanderpol, Mike [michael.vanderpol@walgreens.com]; Pike, Matt [matt.pike@walgreens.com]; Bleser, Mike [mike.bleser@walgreens.com]; Mikulak, Zach [zachary.mikulak@walgreens.com]; Foreman, Jeffrey [jeffrey.foreman@walgreens.com]; Lau, Tori [victoria.lau@walgreens.com]; Feng, Michael [michael.feng@walgreens.com]; Pham, Jacquie [jacquie.pham@walgreens.com]; Towashiraporn, Khemmarin [khemmarin.towashiraporn@walgreens.com]; Reiter, David [david.reiter@walgreens.com]; Price, Jeffrey [jeffrey.price@walgreens.com]; Merritello Jr, John [john.merritello@walgreens.com]; Hastreiter, Gina [gina.hastreiter@walgreens.com]; Szlenk, Donald [donald.szlenk@walgreens.com]; Kallas, Phil [phillip.kallas@walgreens.com]; Murray Jr, Denman [denman.murray@walgreens.com]; Ocampo, Penny [penny.ocampo@walgreens.com]; Levine, Tracy [tracy.levine@walgreens.com]; McGriff Iii, Marcus [marcus.mcgriff@walgreens.com]; Lee, Angela [angela.park@walgreens.com]; Clothier, Darlene [darlene.clothier@walgreens.com]; Gehrand, Katie [katie.gehrand@walgreens.com]; Maholic, Becky [rebecca.f.maholic@walgreens.com]; Cosyleon, Severo [severo.cosyleon@walgreens.com]; Paulsen, Joel [joel.paulsen@walgreens.com]; Shraybman, Julia [julia.sherman@walgreens.com]

**Subject:** Pharmacy Purchasing & Supply Chain Quarterly Meeting

**Attachments:** PP & SC Qtrly Meeting 013113 Final.pptx

**Location:** Conference Room K (200 Wilmot) 866.309.0558 \*8479143649\*

**Start:** 1/31/2013 2:00:00 PM

**End:** 1/31/2013 3:30:00 PM

**Show Time As:** Busy

**Recurrence:** (none)

**Required Attendees:** Purchasing-Rx-ALL; Hattenschweiler, Stephanie; Taylor, Jenny taylor hr; Jouran, Lena  
**Attendees:**



PP & SC Qtrly  
Meeting 013113 ...



# Pharmacy Purchasing & Supply Chain

Quarterly Meeting  
January 31, 2013

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**Walgreens**  
AT THE CORNER OF **HAPPY & HEALTHY**™

# Agenda

- Opening Remarks
- Walgreens Q1FY13 Financial Review
- Employee Recognition
- Walgreens Boots Alliance Development Update
- DEA Update
- HR Update
- Q&A



# Walgreens Q1FY13 Financial Review

	Dollars	% Change	% of Sales
<b>Sales</b>	\$17.3B	↓ 4.6%	100%
<b>Gross Profit</b>	\$5.1B	↓ 0.1%	29.4%
<b>SG&amp;A</b>	\$4.4B	↑ 4.6%	25.4%
<b>Net Earnings</b>	\$553M	↓ 10.7%	2.4%
<b>EPS</b>	\$0.58	↓ 18.3%	n/a



# Employee Recognition

## Brand Rx/Wholesaler/Vaccines/Alt Care

- David Rurka celebrated his 1 year anniversary

## Generic Purchasing and Strategy

- Brian Schneider promoted to Director of Generic Purchasing
- Spencer Ebann promoted to Analyst of Generic Operations

## Rx Supply Chain and Analytics

- Breanne Abraham & Ryan Schmidt promoted to Senior Analysts
- Alicia Perez celebrated her 20 year anniversary



# Walgreens Alliance Boots Development Update

# Moving forward together

- **August 2012:** Walgreens Alliance Boots transaction closed
- **September 2012:** Joint venture established
- **November 2012:** Walgreens Boots Alliance Development GmbH introduction
- **December 2012:** Working sessions on global volume incentive rebate, price harmonization, and partnership terms and conditions
- **January 2013:** Completion of global volume incentive rebate and partnership terms and conditions
- **February 2013 onwards:** On-going joint business planning and strategic collaboration



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# Walgreens Boots Alliance GmbH is an organization developed to create value in new ways



**Walgreens Boots Alliance Development GmbH**  
will lead the industry in creating and implementing global generic strategies and initiatives for both wholesale and retail pharmacy



# Creating value in new ways with generic suppliers



- **Unlimited growth potential in established and emerging markets**
- **Demand predictability providing long-term optimization of technical operations**
- **Innovative commercial initiatives tailored by product and market**
- **Global base rebates and volume incentive rebates with generic suppliers**
- **Price harmonization**
- **Creation of global terms and conditions**

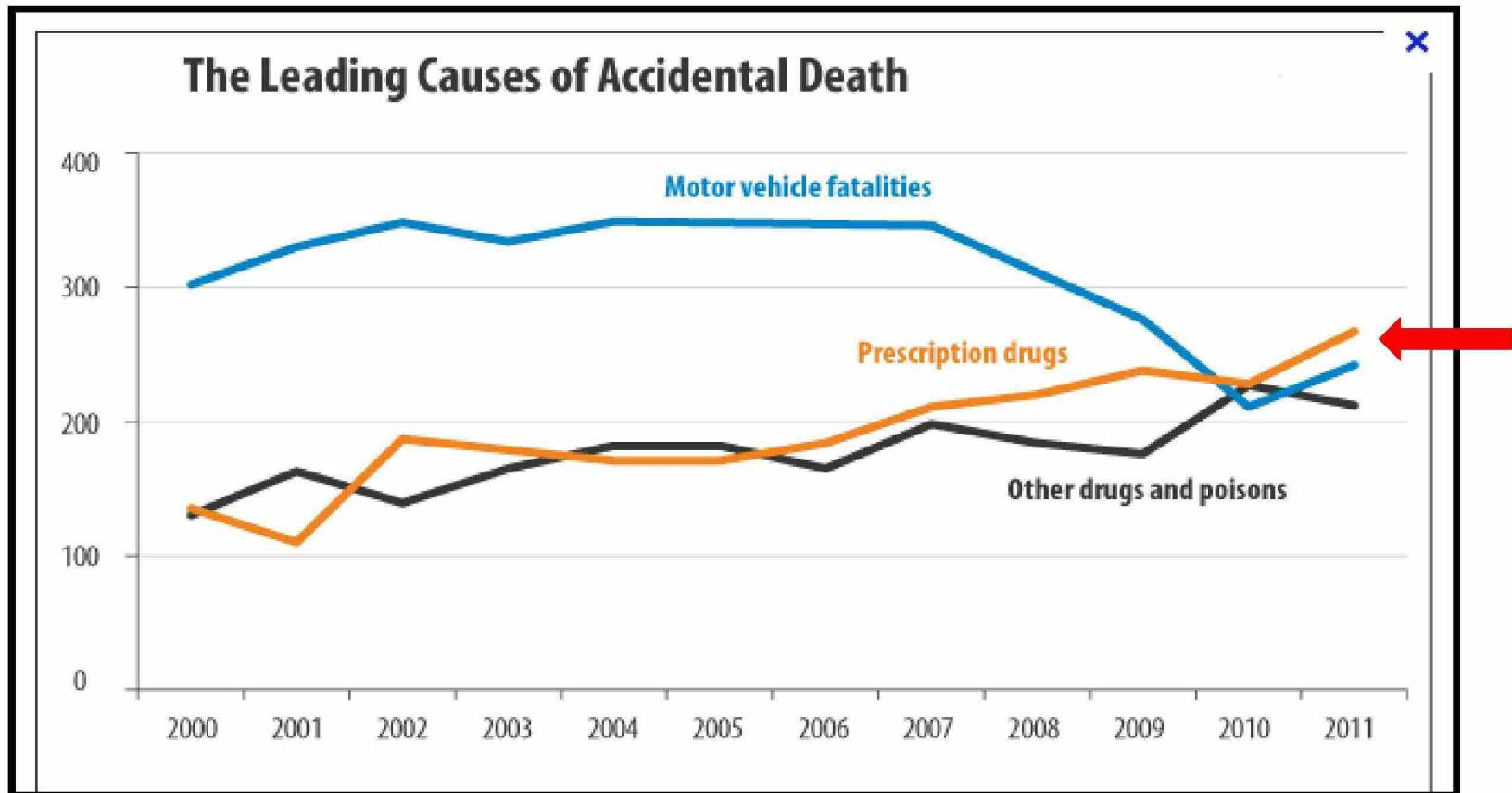


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# DEA Update

# Troubling trend in the United States: leading cause of death is Rx drugs



# Evolution of Suspicious Order Monitoring (SOM): Timeline of Events

**Pre-August  
2010**

**Steady increase in FL pill mills  
Prescribers dispensing medications**

**October 2010**

**Change in Florida legislation restricts prescriber  
dispensing to only 72 hour supply of pain medications**

**October 10-  
March 11**

**Dramatic increase in the number of opioid pain medications  
prescriptions seen at retail stores**

**July 2011**

**Florida law amended to prohibit practitioners from  
dispensing C2-3, except in very limited instances**



# Timeline 2012

**April 2012**

**Administrative Inspection Warrants were served on 6 stores and the Jupiter DC**

**May – June 2012**

**8 stores voluntarily removed all C-II products, Xanax and Soma**

**Re-launch of Good Faith Dispensing Policy**

**September 2012**

**ISO was issued for the Jupiter DC**

**November 2012**

**Order to Show Cause issued to 3 of the original Florida pharmacies**



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# Timeline

**December  
2012**

**Target Drug GFD pilot begins in FL and Vegas**

**January  
2013**

**Sanction prescriber pilot begins NJ and PA**

**February  
2013**

**DEA administrative hearing begins**



# Rx Operations taking steps at the store level

**Re-launched Walgreen Good Faith Dispensing Policy across the Chain**

## **Implementing Pilots**

- Target Drug Good Faith Dispensing
- Prescriber Sanctioning in NJ and PA

## **Invalid Prescriber DEA removal from IC+**

- DEA CAP Override

## **Top 500: 100 Store Indexing Report**

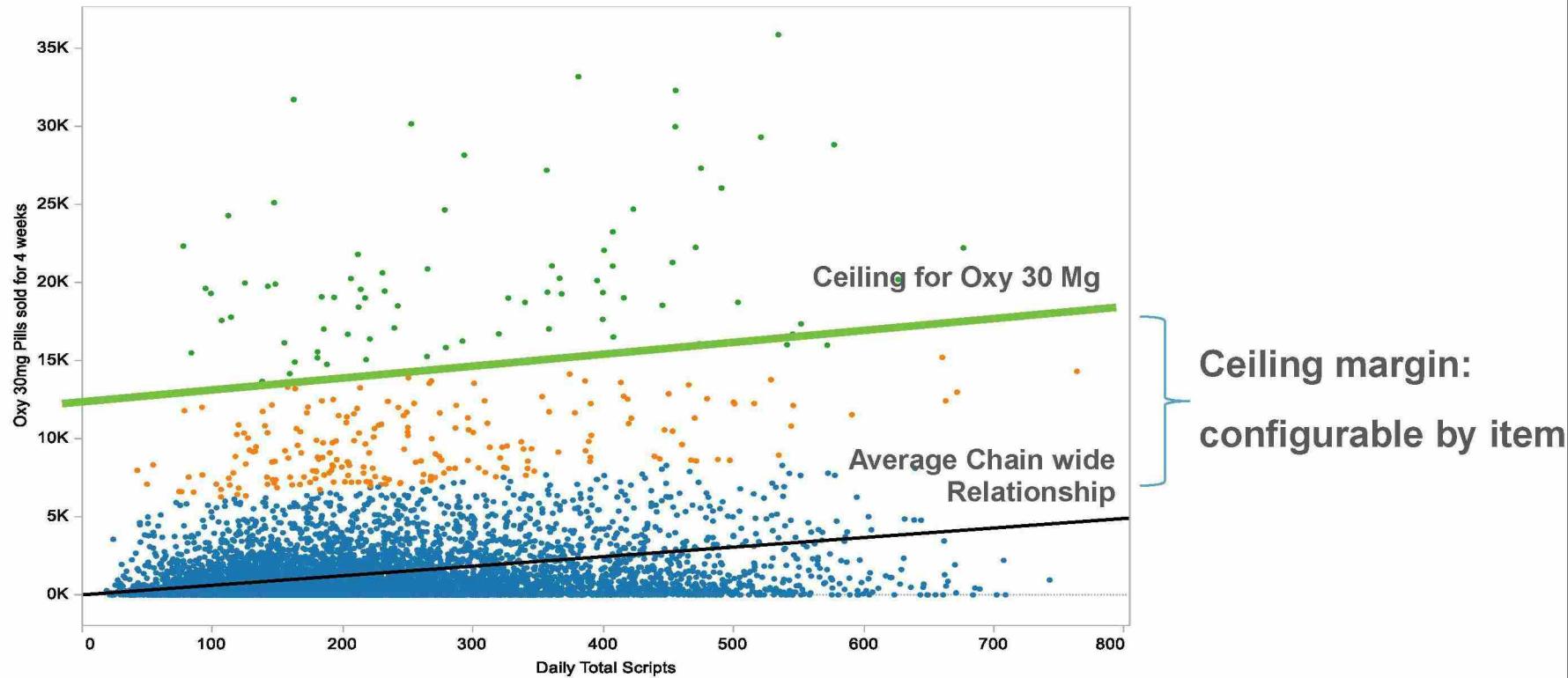


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WAGMDL00114617

# Rx Purchasing and Supply Chain involvement in SOM is through inventory control



Total Scripts Divided by 30 vs. sum of Generic Name Pills. Color shows details about Upper Limit Flag Based on Total Scripts. Details are shown for str\_nbr and str\_nbr (copy). The data is filtered on Date, StoreType (Store List (Store List for Analysts.xls)) as an attribute and Composite Ran Top 100 (DEA analysis store indexing (Store Potential Risk Index 06-04-12 end May - modified for Tableau.xlsx)) as an attribute. The Date filter ranges from 4/1/2012 to 4/1/2012. The StoreType (Store List (Store List for Analysts.xls)) as an attribute filter keeps R. The Composite Rank Top 100 (DEA analysis store indexing (Store Potential Risk Index 06-04-12 end May - modified for Tableau.xlsx)) as an attribute filter excludes Null.

#### Upper Limit Flag Based on Total Scripts

- █ Below LL
- █ Store Limit
- █ Upper Limit



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# SOM v5.5 is an industry leading enhancement to SIMS

## How SOM maintains supply chain integrity:

- Program enhancement to SIMS to impact the ordering process of all controlled substances and PSE products
- Part of the calculations use an accumulation of receipts of each controlled substances over the last six weeks time period
- Tolerance and ceiling limits are applied to individual orders at the store level
- Limits can be adjusted to account for unique business needs
- Dashboard monitors and flags orders of interests and stores approach ceiling thresholds



# SOM will be a hot topic for manufacturers in the GAP world

- DEA demands that distributors of controlled substances “know your customers’ customers”
- Manufacturers and wholesalers are asking for our SOM policies, GFD practices and data surrounding the dispensing of controlled substances
- Inquiries have included data requests, store questionnaires and site visits
- Developing partnerships is vital to maintain supply chain integrity across the Rx drug pipeline



# SOM is an evolving process and will require constant communication across work streams

**Rx Purchasing and Supply Chain teams will need to create new partnerships both internally and externally**

- Tasha Polster is the new Director of Pharmaceutical Integrity under Rex Swords
- Steve Bamberg's team continues to work with John and Barb to make enhancements to SOM/CSR
- Dave/Jeff and Matt/Emily have been invaluable partners in working with Cardinal and ANDA
- With GAP, we will need to leverage CMs' relationship to maintain open communications with manufacturers on the distribution of controlled substances



# Move Update

# 1417 Lake Cook Rd



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# HR Update

# Q & A



# Pharmacy Purchasing & Supply Chain

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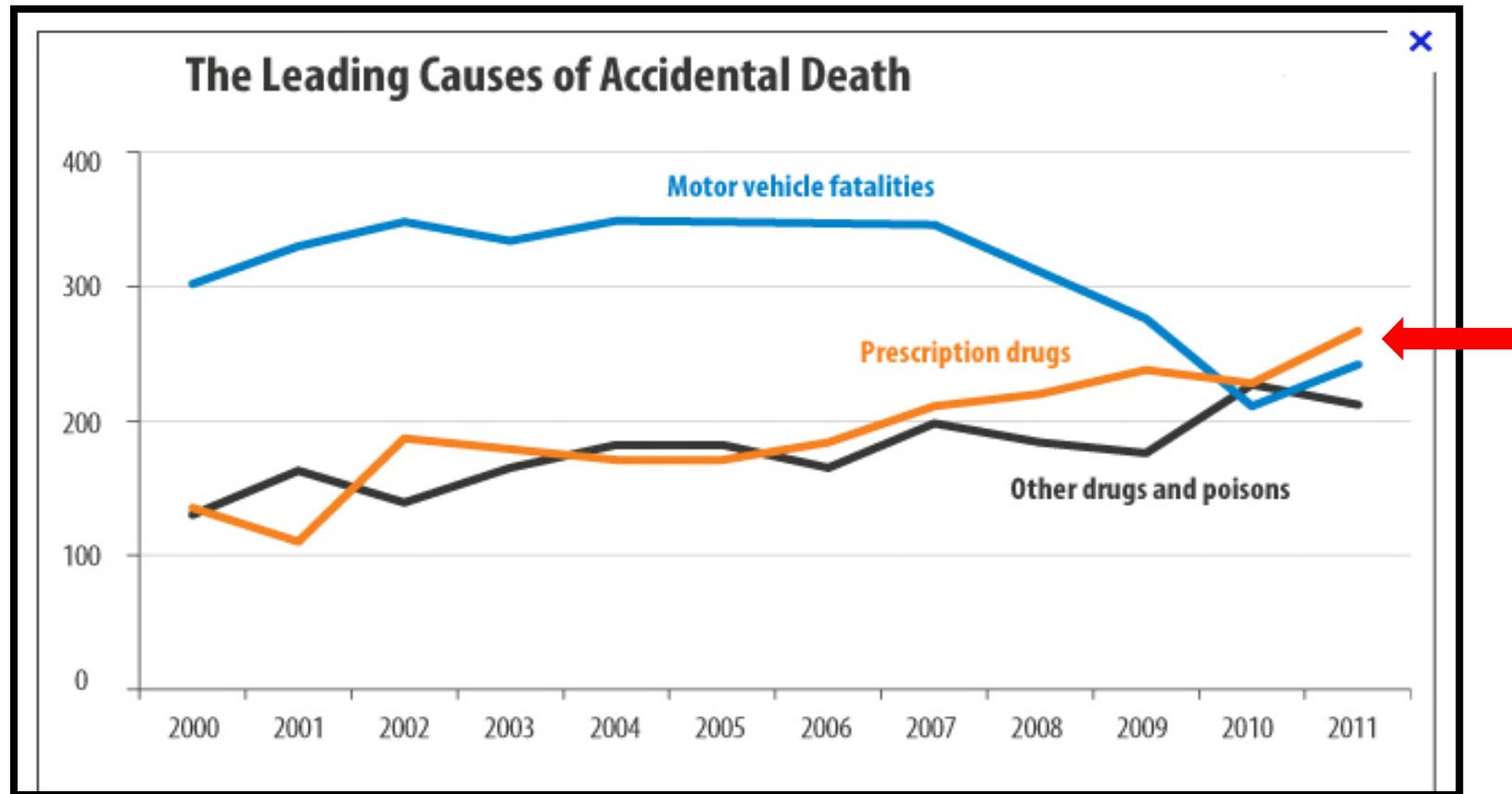


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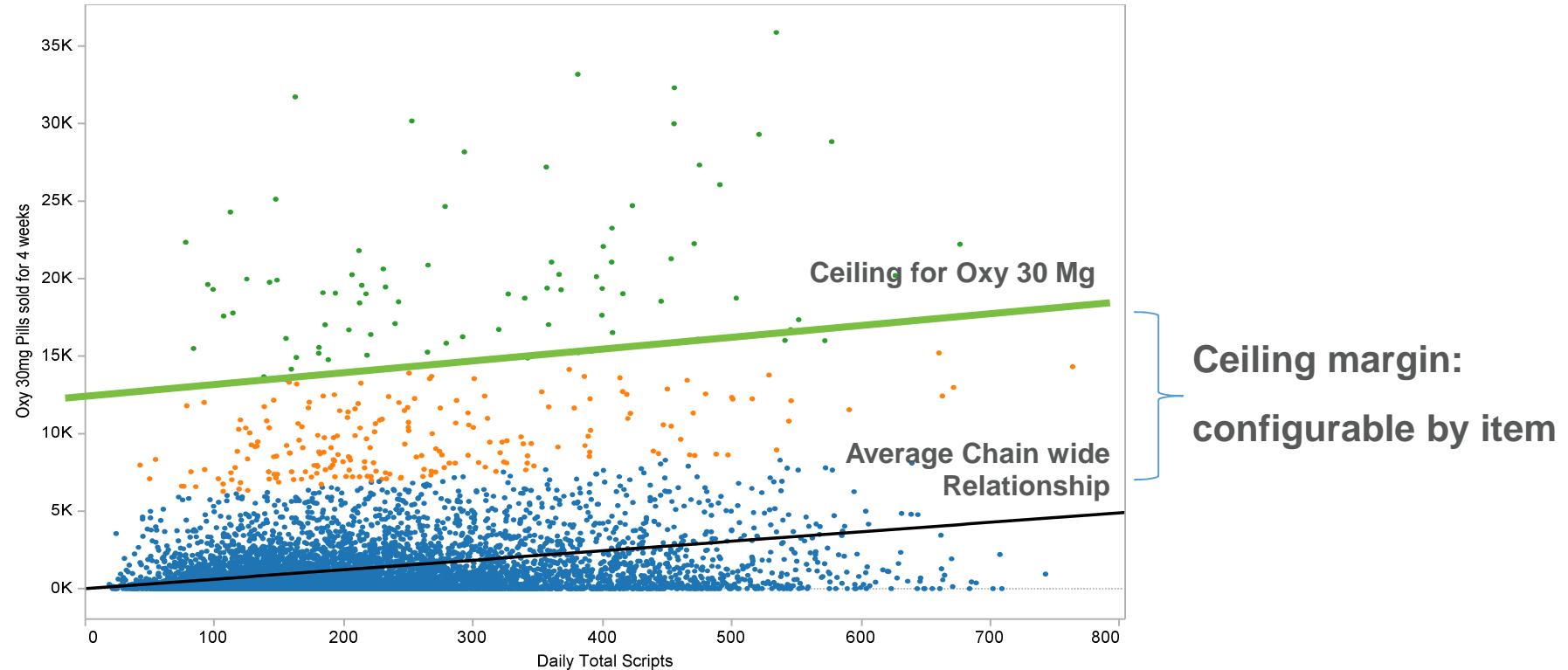
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